



## SENATE BILL 489: Effectiveness of Job Creation Programs

2011-2012 General Assembly

**Committee:** Senate Finance  
**Introduced by:** Sen. Rucho  
**Analysis of:** PCS to First Edition  
S489-CSRB-33

**Date:** May 11, 2011  
**Prepared by:** Cindy Avrette  
Committee Counsel

**SUMMARY:** The proposed Senate committee substitute for Senate Bill 489 modifies the information the Department of Commerce must provide on the economic development grant programs offered by the State to better enable the Legislature to evaluate their effectiveness at creating jobs. The PCS also expands the duties of an existing interim study committee to include the analysis and assessment of the State's economic development grant programs as well as its statutory tax incentives.

**CURRENT LAW:** The Department of Commerce compiles an annual report for the grant programs it administers that disburses or awards grant monies to businesses. The Department of Revenue reports annually on the statutory tax credits and tax refunds related to economic development.

**BILL ANALYSIS:** One of the recommendations in the report from the UNC Center for Competitive Economies to the General Assembly in 2009 was the need for greater legislative oversight of the State's economic development programs and goals. The report encouraged the General Assembly to define its economic goals and measurements and to continuously assess the State's progress towards those goals. The PCS for Senate Bill 489 provides two new tools to help the General Assembly accomplish this recommendation:

- It modifies the existing reporting requirement to include information that is not currently readily available, such as the number of actual jobs created or retained by an economic development grant and the applicable local incentives provided. The original bill would have provided an online, searchable database. Such a database would be the only one of its kind and it would require an appropriation to create it.<sup>1</sup> The Department of Commerce expressed concerns that the information required to be in the database may weaken its economic development competitiveness. The PCS accomplishes the goals of the original bill with no additional expenditure and it alleviates the Department's concerns.
- It expands the duties of the Revenue Laws Study Committee<sup>2</sup> to include the assessment and analysis of the State's economic development programs. This Committee currently assesses the State's statutory tax credits and tax refunds for economic development. The membership of the Committee is largely comprised of legislative members that are already knowledgeable of the economic development programs. Lastly, the Committee has a history of continuous, long-standing membership that is actively engaged in the subject areas of both finance and economic development. To better enable the Committee to address its added responsibilities, the PCS would expand the number of members on the committee from 16 to 20.

**EFFECTIVE DATE:** The bill would become effective when it becomes law.

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<sup>1</sup> The House version of the budget, HB 200, includes the contents of the original provisions in Section 14.2(c). Section 14.2(b) would authorize Commerce to use up to \$250,000 of monies in the One NC Fund to develop the database.

<sup>2</sup> The PCS would change the name of the committee from the "Revenue Laws Study Committee" to the "Finance and Economic Development Study Committee".